

Board Meeting: 20th March 2020

2018/19 Financial Highlights 11 Month Report

Recommendation/action required:

The Board should note the YTD position at 29 February (£55k underspend) and Y/E forecast of Nil (Break-even) and confirm that they are satisfactorily assured by the financial forecast.

Author:

Andrew Patience
Head of Finance & Procurement

Sponsoring Director:

Gerry McLaughlin
Chief Executive

NHS HEALTH SCOTLAND

2018/19 Financial Highlights - 11 Month Report

1. Health Scotland's financial position for the 11 month period ending 29 February 2020 is set out below together with a year-end forecast update.
2. With regard to the **revenue resource limit (RRL)**, at 29 February there is an **underspend** of £55k (0.3%) against the 11 month budget of £19,031k. It should be noted that at 31 January there was an **underspend** of £54k (0.31%) against the 10 month budget of £17,152k.
3. Matters to be noted at this stage are as follows.
 - The Board's 2019/20 RRL as advised in the 28 February allocation letter from the Scottish Government was £21,255k which includes a baseline of £18,896k and non-recurring allocations of £2,359k which includes £343k from 2018/19.
 - The £55k underspend against the phased budget consists of 2 elements; an overall overspend of £49k (£15k at 31 Jan) on staffing, and an underspend of £104k (£69k at 31 Jan) on projects.
 - **Y/E Forecast: Break-even at present. See 7 below**
4. Financial Planning 19/20
Our financial planning during the year considers budget bids, surrenders, and virements (transfers of budget) against potential future costs. As a result of this process an unallocated budget of £327k has been built up to cover the shortfall on our staff savings target of £70k and provisions for potential future costs of circa £250k.
5. Directorate Analysis: YTD and Y/E staff cost variance by Directorate
Staff costs at 31 January were forecast to the year-end which showed a £7k variance (excluding the staff savings target) so this remains as our forecast for this month
6. Directorate Analysis: YTD project cost variance by Directorate
Issues at 31 January were followed up both for YTD variance and Y/E remaining spend. Only two areas being Pop Health at £70k variance and Marketing at £81k YTD variances were noted and both have significant spend in March so will be close to their y/e budgets.
7. **Our year end position** for 2019/20 is being reviewed monthly during the year:

	YTD 29 Feb 2020 £000	Y/E 2019/20 £000
Unallocated budgets/contingency and staff savings		
Contingency at 31 January per 5 above	327	327
Staff saving target remaining at 6 above	(70)	(70)
	-----	-----
Unallocated budgets at 29 Feb/ F/c 31 March	257	257
	===	
Staff variance YTD/Y/E Forecast – see Note 5	(49)	7
Project variance YTD/Y/E Forecast - see Note 6	104	-
Surrenders – small surrenders	-	4
Bids – £10k in pipeline		(10)
National Boards - £15m – additional – see Note 8	-	(8)
Month 12 uncertainties – provision – see Note 9		(250)
	-----	-----
Underspend at 29 Feb /F/c break-even at y/e	55	Nil
	===	===

8. National Boards

We have reached agreement on the contribution of each of the National Boards towards the £15m with the result that the £108k deduction taken in our February allocation will have a £100k reversal in March so we only have a net £8k contribution in 2019/20 as above. This additional £100k contribution has been taken by NES who can contribute more than originally expected to the £15m. The issue on recurring (baseline) and non-recurring remains as this is currently £11m and £4m across the National Boards with the £4m recurring due to be c/f to 2020/21. The Scottish Government has refused to accept this split and are seeking the £4m non-recurring to be taken recurrently across the boards. This has no effect on 2019/20 but needs to be resolved in 2020/21. At present this has only a minimal impact on Public Health Scotland at £8k as the rounded contribution to the £11m. The £4m has an imposed allocation by the Scottish Government at present (no impact on Health Scotland) and can only be re-allocated by agreement across the National Boards.

9. Month 12 Uncertainties

As month 12 will be an uncertain period we have reserved £250k to cover any late bids/uncertainties/claims/staff forecast changes arising in this period to ensure we manage a small surplus for the 2019/20 year.

10. Capital

The 2017/18 **capital resource limit** (CRL) as allocated by the Scottish Government was £583k. We surrendered £568k of this being £500k to NES and £68k to NSS who surrendered revenue of the same amount as part of £15m target.

The Scottish Government have retained the £568k due to other priorities and given us £15k of capital for 2018/19 and 2019/20. In 2018/19 we spent £6k on capital. There has been no capital spend to date in 2019/20.

11. Cash

Our **cash requirement** was £19.05m for 2018/19 which we drew down in the year.

For 2019/20 our original cash requirement target was £19.95m, which we have increased to £21,950m. Against this revised figure we have drawn down £19.45m to February and we have £2.5m due to be drawn down in March making up the £21.95m

Andrew Patience - Head of Finance & Procurement – 12 March 2020.